

March 3, 2016

To: Members of the Aging Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

Re: S.B. No. 265 AN ACT CONCERNING THE PROTECTION OF CONSUMERS WHO RECEIVE INVESTMENT ADVICE FROM FINANCIAL ADVISORS.

Position: Oppose

Financial Advisors and their firms are regulated by a host of laws, regulations and rules promulgated by the Securities and Exchange Commission and locally by the Department of Banking who has a separate Securities Division. Those regulators are easily reached by consumers and actively aggressively respond to any questions or complaints associated with a Financial Advisor or the firm they work for. They have the authority to fine, sanction or ultimately pull a financial advisor's license if they do not properly follow the robust set of rules designed to educate and protect consumers.

In addition, those advisors have to pass significant educational requirements and testing (e.g. financial planning certification,) before they are allowed to interact with a customer.

The bill appears to create a number of requirements that if any were inadvertently missed, would encourage nuisance lawsuits against the advisor or their firm.

The only way a financial advisor would be able to certify compliance with the components of this proposal would be a significant record keeping compliance program with written verifications from the customer on each of the new requirements.

Section 103 of the National Securities Markets Improvement Act of 1996 ("NSMIA") amended Section 15 of the Exchange Act to *expressly preempt states* from enacting regulations relating to making and keeping records. The central purpose of NSMIA's preemption provision is to ensure uniform and consistent record-keeping obligations across the fifty States, as established by the SEC.

Senate Bill 265 would necessitate new and robust recordkeeping requirement that directly undercuts the purpose of NSMIA and is thus preempted by NSMIA.

We respectfully urge your opposition to Senate Bill 265 as it unnecessarily creates another level of regulation and complexity, and would be preempted by federal law.